



National Association of
Children's Hospitals

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May 6, 2003

The Honorable John D. Dingell
U.S. Senate
Washington, DC 20515

Dear Representative Dingell:

On behalf of the National Association of Children's Hospitals, which represents more than 120 children's hospitals across the country, I write in strong support of your legislation, the "Strengthening Our States Act."

It would provide vitally needed fiscal relief to help states close the serious budget shortfalls in their Medicaid programs at a time when the need for Medicaid's health care safety net is more important than ever, due to the downturn in the economy.

Your legislation can be viewed from many different perspectives, but from the vantage point of children's hospitals, it represents one of the most important pieces of legislation to address children's health care needs to be introduced this year. Medicaid is the nation's single largest payer of health care for children, covering one in every four children in the country and more 40% of the patient care provided by children's hospitals.

Without federal fiscal relief, states are forced to consider reductions in health care spending that can jeopardize children's access to the unique health care services they need. Yet, there is little in savings that can be achieved from reducing Medicaid coverage for children. Although they represent more than half of all Medicaid recipients, together, disabled and non-disabled children account for less than 25% of Medicaid spending, and the Office of Management and Budget projects they will contribute to only 10% of Medicaid growth between 2002 and 2004.

N.A.C.H. supports your proposals, including a temporary increase in the federal medical assistance percentage (FMAP) to states and assumption of full federal financial responsibility for at least some of the population of senior citizens dually eligible for Medicare and Medicaid.

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N.A.C.H. also supports your proposals to rectify federal policies that are essential to avoid exacerbating states' Medicaid shortfalls, such as:

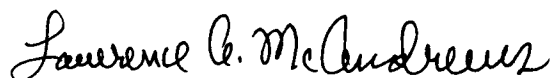
- Elimination of the reduction in federal funding for states' Medicaid disproportionate share hospital payments (DSH) that took effect on October 1.
- Provision of additional time for states to use their State Children's Health Insurance Program (SCHIP) funds without risk of unspent funds reverting to the U.S. Treasury.
- Restoration of Medicaid eligibility to immigrants, including children, who legally entered the U.S. after August 1996, and coverage of emergency medical services provided by hospitals for immigrants lacking legal documentation.

As needed as the enactment of these and other provisions are for the health care safety net for low-income Americans, including children of low-income families, it is important to recognize that these policies are also essential to ensuring access to health care of all children.

Children's hospitals are dedicated to serving all children, regardless of medical or economic need. To remain faithful to their missions, children's hospitals cannot absorb Medicaid spending cuts by denying care to low-income patients. They can accommodate them only by curbing services that all children rely upon, such as urgent care centers, dental care programs, mental health care services, or other poorly reimbursed services.

For the sake of the health and access to health care of all children, we applaud you for your sponsorship of the "Strengthening Our States Act" and urge you to win its enactment.

Sincerely,

A handwritten signature in black ink, reading "Lawrence A. McAndrews". The signature is written in a cursive, flowing style.

Lawrence A. McAndrews

cc:: Bridgett Taylor, Energy and Commerce Committee